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Viewing cable 08MOSCOW587, RUSSIA-UKRAINE RELATIONS: YUSHCHENKO AND

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Reference ID	Created	Released	Classification	Origin
08MOSCOW587	2008-03-01 13:32	2011-08-30 01:44	CONFIDENTIAL	Embassy Moscow

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C O N F I D E N T I A L MOSCOW 000587

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E.O. 12958: DECL: 02/21/2018
TAGS: [PREL](#) [PGOV](#) [ECON](#) [UP](#) [RS](#)
SUBJECT: RUSSIA-UKRAINE RELATIONS: YUSHCHENKO AND
TYMOSHENKO IN MOSCOW

REF: A. MOSCOW 561
[IB.](#) MOSCOW 265
[IC.](#) MOSCOW 147

Classified By: Ambassador William J. Burns. Reasons 1.4 (B/D).

¶11. (C) Summary. After many last-minute changes and rescheduling involving Tymoshenko's visit, the February 12-13 Putin-Yushchenko Intergovernmental Commission (IGC) convened without Tymoshenko's participation. GOR officials expressed dismay at the complicated dynamics between Yushchenko and Tymoshenko, which required "delicate balancing" on its part. The IGC session focused on an action plan for all areas of the bilateral relationship for 2008, while two sensitive issues -- NATO and gas -- loomed large. A recent series of small-scale disagreements have also added to the friction. Compounded by the Yushchenko-Tymoshenko feud, the on-again-off-again gas deal between Russia and Ukraine is continuing, with Gazprom threatening another cut-off unless the debt is paid by March 3. Moscow analysts view bilateral relations as hostage to Ukrainian domestic political games, where different forces vie for a better position in next year's presidential election through attempts to gain an upper hand over deals with Russia. End summary.

Yushchenko-Tymoshenko "Farce"

¶12. (C) Yushchenko made two visits to Moscow within two weeks this month, for the February 12-13 IGC meeting, where he met bilaterally with Putin, and the February 21-22 CIS Informal Summit, where he did not (ref A). Yushchenko's travel was punctuated by PM Tymoshenko's many-times-delayed visit.xxxxx, told us February 26 that the uneasy dynamics between Yushchenko and Tymoshenko complicated the IGC proceedings. He termed the situation "disappointing" at best and "bewildering" otherwise. Tymoshenko, whose February 11 visit, one day before Yushchenko's to avoid the overlap with him, was delayed till February 21 at Ukraine's request and then was moved forward by one day for the same reason. xxxx said that GOR officials simply could not understand how the president and prime minister of a country could work effectively under such odd circumstances. xxxx, the GOR's goal was to conduct a meaningful dialogue with the Ukrainian counterparts in all six commissions without making the already delicate situation worse. The GOR, which had prepared for Tymoshenko's participation in the IGC, had to match the Ukrainian decision not to include her in its team by pulling PM Zubkov from the session.

Putin-Yushchenko Bilateral

¶13. (C) The two presidents, during their three-hour long "good" discussion, covered a wide range of bilateral issues, notably the gas deal, NATO and the dispute over the two countries' common history. Putin also urged Yushchenko to take a more active role in the resolution of the Transnistria conflict. xxxx that Putin and Yushchenko clashed over NATO and the GOU's initiatives on Ukrainian national heroes. Putin was not convinced by Yushchenko's insistence that Ukraine's request of NATO MAP was not intended to be anti-Russian.

NATO: Painful and All Encompassing

¶14. (C) Prior to the Putin-Yushchenko IGC meeting, the GOR repeatedly expressed its displeasure with Ukraine's NATO bid. In a January 23 statement on Ukraine's pending request for a NATO MAP, the MFA warned that further expansion of NATO could produce a serious political-military upheaval that would affect the interests of Russia (ref B). Citing the 1997 bilateral agreement laying out the Russian-Ukrainian strategic partnership, the statement stressed that the potential integration of Ukraine into NATO would force Russia to undertake "appropriate measures." During a February 8 meeting with the Ambassador, DFM Karasin said that the GOR was "disappointed" with the GOU's move (ref C). A positive decision in Bucharest, Karasin said, would force Russia to take strategic counter-measures. In his February 14 annual press conference, Putin lashed out against Ukraine's MAP request, saying that the majority of Ukrainian citizens were

against their country's NATO membership but Ukrainian leaders did not ask their opinion, "What kind of democracy is this?" he asked.

¶15. (C) Ukrainian xxxx told us that Ukraine's interest in closer relations with NATO -- for the first time as a consensus decision by the three top leaders of the country -- had triggered a "deja-vu reaction" from the GOR, which had surprised no one in Ukraine, and had provoked a genuine and more mature public discourse on NATO in Ukraine. Although the topic was "painful" for Russia and was discussed in every bilateral meeting on every level, xxxx argued that the GOR's response had been to date less emotional than in the early post-Orange years. xxxx acknowledged that during Ukrainian National Security and Defense Council Secretary Bohatyreva's January 29 visit to Moscow, all Russian interlocutors, including FM Lavrov, Duma Speaker Gryzlov and other Duma deputies, had expressed hostility to the Ukrainian move.

¶16. (C) Moscow analysts predict that Ukraine's domestic lack of consensus on membership and the lack of coordinated support among NATO member states, combined with a slow-moving NATO bureaucracy, could make the issue a long-term sore spot in the relationship. Some argued that an "excessive" push by the GOU could catalyze radical "counter measures" from the GOR, including a possible re-examination of the status of the Black Sea Fleet and GOR-funded activities in and around Sevastopol.

Gas: Scheming Abounds on Both Sides

¶17. (C) Many viewed the January 24 arrest of Semyon Mogilevich as only the tip of the iceberg of murky, high-stakes gas deals, given his alleged involvement with RosUkrEnergo, which became the key middleman in Russian gas exports to Ukraine after Russia briefly cut off the gas supply to Ukraine in January 2006. xxxx noted that PM Tymoshenko made the removal of the chain of intermediaries between Gazprom and Ukraine, as well as raising the gas transit fee through the Ukrainian territory, the central theme of her February 20-21 visit. Although Yushchenko and Tymoshenko shared the same goal of removing intermediary agents in the gas deal, xxxx said, the latter insisted on the immediate removal of RosUkrEnergo from the deal. GOR officials found her, xxxx added, inflexible and less trustworthy than Yushchenko.

¶18. (C) According xxxx, the GOR was particularly not pleased with Tymoshenko's idea of the White Stream Pipeline, considering it another attempt to bypass Russia in bringing Central Asian gas to Europe. Russia values Ukraine as the key link to Europe, which can work only if the two countries are "united" and "consistent," he added. xxxx told us that Putin and Yushchenko talked over the phone on February 26 to discuss Ukraine's growing arrears and the absence of the 2008 contract. In the meantime, bickering between Gazprom and Naftogaz is continuing as of February 28 -- just another sign of the fragility of the energy deal between the two countries.

¶19. (C) xxxx said that Yushchenko wanted more transparency but preferred to avoid measures which would further increase the price. Moscow Carnegie Center experts emphasized to us that the GOR's priority is to have Ukraine as a reliable economic partner, which would guarantee that Russian gas (mostly Turkmen and Uzbek gas that transits Russia) would flow to Europe without disruption. All interlocutors agreed that until Gazprom's leadership re-shuffle ended, no long-term deal could be made.

Beyond Gas

¶10. (C) In 2007, the increase in the volume of bilateral trade between Russia and Ukraine to USD 32 billion disguised

a decoupling of certain Russian-Ukrainian industries. According to xxxx Russia is slowly consolidating the production cycle to do away with imported parts from Ukraine in the areas where traditionally the two countries were interdependent, such as aircraft and machine building. With Ukraine's aspirations to NATO membership, Russia has already begun to reduce its cooperation in military and technical fields, as well. xxxx said, "The quiet process of economic disengagement in many important areas is under way."

¶11. (C) Some experts noted that GOR officials are reluctant to talk about Ukraine's 13-percent plus economic growth in 2007, which -- despite Kyiv's political turmoil -- easily surpassed Russia's 6 percent. They also argued that WTO entry could give Ukraine leverage in its dealings with Russia. They predicted, however, that the new Schengen regime could hurt Ukraine, particularly in its West, as new members would replace Ukrainian workers in Western Europe. The rise of unemployment in western Ukraine could create more disparity

among Ukrainian regions, giving eastern Ukraine, which is better incorporated into the Russian economy, an advantage.

Mazepa: Not Only A Tchaikovskiy Opera

¶12. (C) Ivan Mazepa has recently been added to the long list of historical figures about whom Russian and Ukraine quarrel. Since the GOR's pronounced dissatisfaction with the GOU's attempt to reclassify the Holodomor as genocide, and Roman Shukhevich as a Ukrainian national hero, other cases have emerged:

-- the GOU agreed to award political asylum to St. Petersburg journalist Andrushchenko. Two more Russian journalists have requested asylum as well.

-- on February 1, Ukrainian political analyst Serhiy Taran was barred from entering Russia at St. Petersburg's Pulkovo airport. The February 5 MFA statement confirmed the incident without giving a reason for the denial, although it cited the December 2007 refusal of Ukrainian authorities to grant entry to Ukraine to two Russian political "analysts" -- Dugin and Zarifulin.

-- Ivan Mazepa, portrayed in Pushkin's tale and Tchaikovskiy's opera as a boorish Ukrainian soldier, who joined Swedish King Karl XII against Peter the Great, is at the center of the current dispute. The GOR termed the GOU's plan to build a monument to Mazepa "anti-Russian," while xxxx scoffed at the Ukraine's planned commemoration of the 300th anniversary of the Battle of Poltava as "absurd." Some experts thought that the need to create a Ukrainian national identity was understandable, but choosing controversial figures as heroes would not resonate well with the Russians.

More to Come: Black Sea Fleet and the Crimea

¶13. (C) The Ukrainian Embassy expressed frustration with the sluggish pace of Black Sea Fleet negotiations. With its current agreement set to expire in 2017, the transfer of the fleet to another location should be a major issue on the bilateral agenda. The GOR, however, has consistently insisted that it is "premature" to discuss details. xxxx said that the bilateral Black Sea Fleet sub-commission, with its 6th session completed on January 24, produced negligible results. In the meantime, the GOR has intensified activities in Sevastopol through pro-Russian and Russian-funded NGOs.

Comment

¶14. (C) With the political process still in flux in Ukraine, and the presidential transition in Russia underway, the bilateral relationship is on hold, with pivotal issues deferred until after May.

Burns